

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 H-02 AGR-05 AID-05 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 OMB-01 /051 W

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R 201750Z JUN 75

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC 1383

INFO AMEMBASSY PORT OF SPAIN

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E.O. 11652: N/A

TAGS: ETRD, EAGR, GY

SUBJECT: INFORMATION FOR HOUSE SUGAR HEARINGS

REF: (A) STATE 141876; (B) FAS (PORT OF SPAIN) SUGAR AND
MOLASSES REPORT (GN 5005) DATED MAY 13, 1974

(A) ESTIMATED EX-MILL COST OF PRODUCTION RAW SUGAR-- U.S. CENTS
11.3 PER POUND.

(B) LOCAL RETAIL PRICE OF REFINED SUGAR - U.S. CENTS
66 PER POUND. NDGTKCEY# KF197
RAW SUGAR EXPORTS - U.S. CENTS 16 PER POUND.

(D) NEITHER GOG NOR PRODUCERS HAVE CLEAR IDEA OF PROSPECTIVE
PRODUCTION THROUGH 1980. FIVE-YEAR
DEVELOPMENT PLAN CALLED FOR 490,000 LONG TONS PRODUCTION BY 1976.
THIS ALMOST CERTAINLY WILL NOT RPT NOT OCCUR. MORE LIKELY FUTURE
360,000 LT. BALLPARK GUESS FOR 1980 PERHAPS 475,000 TO 500,000
LT, WITH 95 PERCENT OF THIS EXPORTED.

(E) SEE REF (B). ALSO, THERE HAVE BEEN REPORTS OF GOG INTEREST
IN BUILDING SMALL SUGAR REFINERY.
IN NOV 1974 PM BURNHAM PUBLICLY SUGGESTED THAT GUYANA'S DOMINANT
SUGAR COMPANY (BOOKERS) BUILD
A REFINERY, PRESUMABLY ON JOINT-VENTURE BASIS WITH GOG.

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(F) ESTIMATED GROWTH RATE DOMESTIC CONSUMPTION 2.3 PERCENT.

(G) LONG-TERM EXPORT COMMITMENTS -UK/EEC (SEE REF B). GOG ALSO CONCLUDED AGREEMENT WITH PEOPLES REPUBLIC OF CHINA IN 1973 FOR UP TO 30,000 LONG TONS PER YEAR OVER FIVE-YEAR PERIOD. PRICING MECHANISM HAS NOT YET BEEN ANNOUNCED BUT WE BELIEVE BASIS WILL BE WORLD PRICE. GOG HAS FIVE-YEAR CONTRACT WITH ALGERIA BEGINNING THIS YEAR FOR 50,000 LONG TONS PER ANNUM AT SERIES OF FIXED PRICES.

(H) GOG HAS NATIONALIZED SMALLER OF TWO PRIVATE SUGAR COMPANIES (FORMERLY BRITISH-OWNED DEMERARA CO. (SEE GEORGETOWN 782).

GOG WILL ACCOUNT FOR 15-20 PERCENT OF TOTAL SUGAR PRODUCTION. MORE-OVER, IT NOW DECIDES DESTINATION OF EXPORTS. ALL THREE CONTRACTS NOTED PARA (G) WERE NEGOTIATED BY GUYANESE OFFICIALS, NOT YET PRIVATE PRODUCERS. IN DOMESTIC MARKET SUGAR PRICE IS GOVERNMENT-CONTROLLED AT LEVEL BELOW PRODUCTION COST. DETAILS OF GOG SUGAR LEVY EXPLAINED IN REF (B) AND GEORGETOWN 653 OF APRIL 26, 1974.

IN LIGHT OF ACCELERATING RATE OF NATIONALIZATION OF RIVT# FIRMS

IN GUYANA, IT IS INCREASINGLY LIKELY THAT BOOKERS' (PARA E) HOLDINGS HERE WILL BE EXPROPRIATED EVENTUALLY. WHETHER THIS WILL BE DONE PIECEMEAL IN OUTRIGHT PURCHASES OR BY MAJORITY PARTICIPATION IS ANYBODY'S GUESS. AT ANY RATE, GOG HAS ALREADY, THROUGH EXPORT LEVY, EFFECTIVELY GARNERED ALL EXCESS PROFITS OF PRIVATE PRODUCER AND THEN SOME.

KREBS

NOTE BY OC/T: # AS RECEIVED.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUGAR, DATA, US CONGRESSIONAL HEARINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975GEORGE00952
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750216-0516
From: GEORGETOWN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750631/aaaabcfcd.tel
Line Count: 88
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 141876
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 09 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 SEP 2003 by CunninFX>; APPROVED <06 NOV 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INFORMATION FOR HOUSE SUGAR HEARINGS
TAGS: ETRD, EAGR, EPAP, GY
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006